

Message Text

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TO AMEMBASSY LONDON PRIORITY
INFO AMCONSUL FRANKFURT

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FRANKFURT FOR GAO EDER

E.O. 11652: N/A

TAGS:AGAO, ENRG, OECD

SUBJECT: GAO REVIEW: "RELATIONSHIP BETWEEN OPEC AND
MAJOR MULTINATIONAL OIL COMPANIES"

1. SUBJECT REVIEW IS BEING CONDUCTED AT THE REQUEST OF THE
JOINT ECONOMIC COMMITTEE OF THE CONGRESS.

2. AS PART OF THIS REVIEW, THE GAO INTENDS TO EVALUATE
CERTAIN OPTIONS AVAILABLE TO THE U.S. GOVERNMENT TO
MODIFY ITS RELATIONSHIP WITH THE U.S. OIL COMPANIES. ONE
SUCH OPTION, THE FORMATION OF A FEDERAL OIL AND GAS
COMPANY TO EXPLORE AND DEVELOP THE OUTER CONTINENTAL
SHELF(OCS), LEADS TO GAO INTEREST IN EMERGENCE OF BNOC
AND STATOIL AS PARTICIPANTS IN THE NORTH SEA. IN THIS
REGARD, MR. RICHARD CHERVENAK, ASSISTANT DIRECTOR OF EMD
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PAGE 02 STATE 003600

AND MR. WARREN GARDNER, SUPERVISORY AUDITOR ID INTEND TO
VISIT LONDON JANUARY 17 AND 18, AND LONGER AS NECESSARY
TO DEVELOP FURTHER INFORMATION ON SUBJECT REVIEW. THE GAO
PURPOSE IS TO DETERMINE WHERE POSSIBLE PARALLELS BETWEEN
THE NORTH SEA DEVELOPMENT AND THE U.S. OCS DEVELOPMENT,
PARTICULAR IN THE AREAS OF (1) PROFITABILITY AND FINANCIAL
RECOVERY OF COST FROM VARIOUS LEASES BETWEEN BNOC AND

OTHER PARTICIPANTS; (2) THE QUESTION OF HOW BNOC IS
STRUCTURED AND IMPOWERED TO COMPETE WITH OTHER OIL

COMPANIES.

3. GAO HAS ARRANGED MEETINGS THROUGH THE BRITISH EMBASSY
WITH OFFICIALS IN THE DEPARTMENT OF ENERGY ON THE
AFTERNOON OF THE 17 AND WITH THE FINANCE DIRECTOR BNOC
ON THE AFTERNOON OF THE 18. GAO REQUESTS INITIAL MEET-
ING WITH APPROPRIATE EMBASSY OFFICER ON MORNING OF THE
17 AND REQUESTS THAT EMBASSY ARRANGE MEETING WITH
APPROPRIATE OFFICIALS IN THE LONDON OFFICE OF THE
INVESTMENT FIRM OF WOOD, MCKENZIE EITHER MORNING OF 18
OR MORNING OF 19 IF POSSIBLE.

4. BOTH CHERVENAK AND GARDNER POSSESS CURRENT TOP SECRET
SECURITY CLEARANCES.

5. PLEASE CONFIRM ARRANGEMENTS TO THE DEPARTMENT WITH
INFO TO FRANKFURT FOR GAO-EDER.

6. GAO AWARE THAT APPOINTMENTS WITH OFFICIALS OF INTER-
NATIONAL ORGANIZATIONS ARE AT THE DISCRETION OF THE
AMBASSADOR AND EMBOFF SHOULD ACCOMPANY.

7. DEPARTMENT WISHES TO COOPERATE WITH THE GAO IN ACCOR-
DANCE WITH THE GUIDELINES IN 4 FAM 930-934. QUESTIONS OR
PROBLEMS SHOULD BE REFERRED TO DEPARTMENT.

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PAGE 03 STATE 003600

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